

# CBSFA

Central Bering Sea Fishermen's Association

Community Development Plan (CDP) for  
2003-2005 Multi-Species Community Development Quota (CDQ) Program  
4<sup>th</sup> Quarter Report 2003

Prepared for:  
State of Alaska

January 30, 2004

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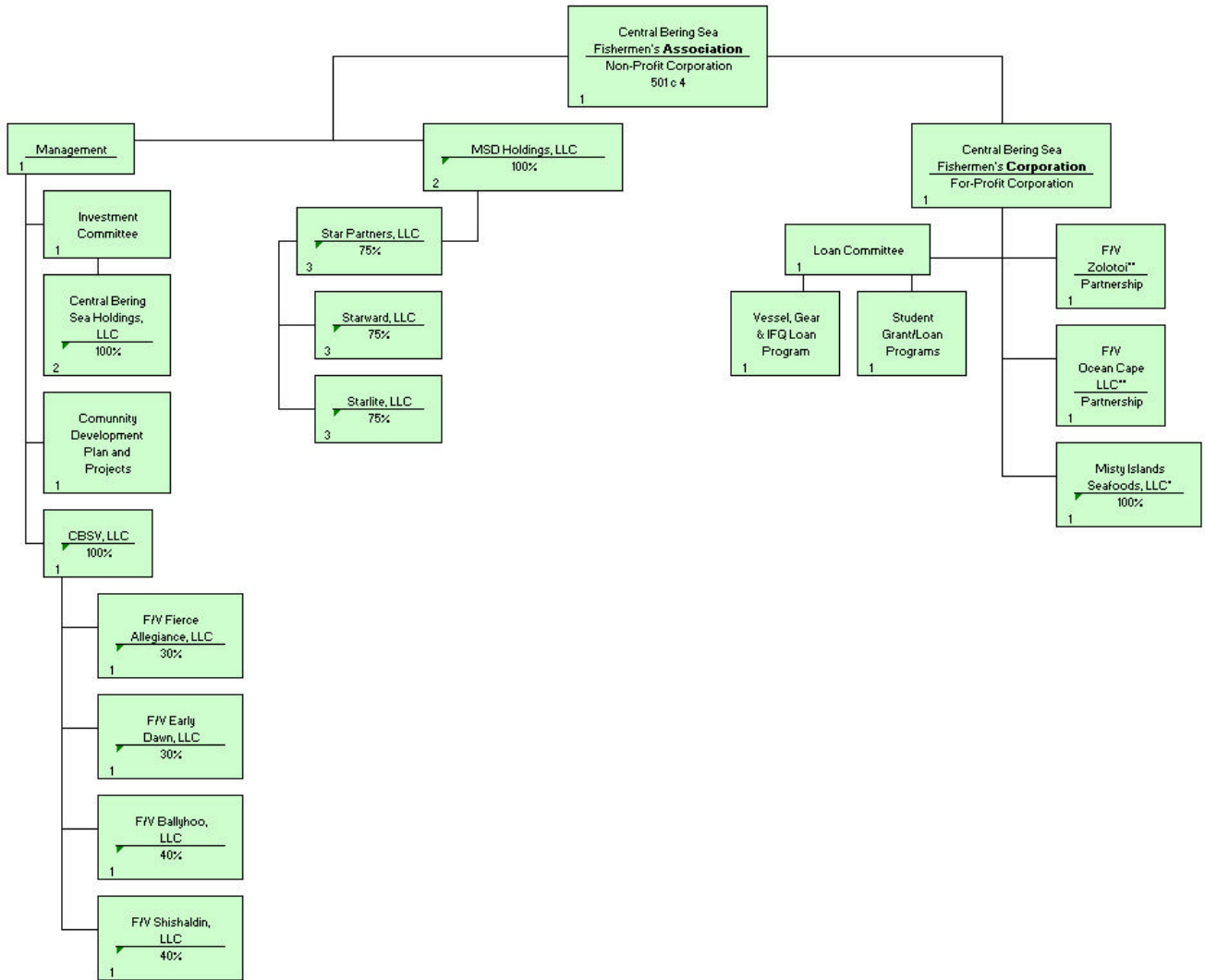
## **Central Bering Sea Fishermen's Association**

### **I. Quarterly Highlights – 4th Quarter**

- CBSFA held a regular meeting on November 29, 2003.
- CBSFA held its 12<sup>th</sup> Annual Membership Meeting on November 30, 2003.
- CBSFA held its Annual Board Meeting to elect officers for CBSFA and appointed two board of directors for CBSFC on December 1, 2003.
- CBSFA held a regular meeting on December 19, 2003.
- CBSFA held a special meeting on December 22, 2003.
- At the November 29, 2003 meeting, the CBSFA Board approved an extensive corporate restructuring plan and created two new subsidiaries. (See Organizational Charts on pages 4-5).
- CBSFA created a wholly owned subsidiary named Central Bering Sea Holdings LLC (CBSH).
- CBSFA created a wholly owned subsidiary named Multi-Species Development Holdings, LLC (MSDH).
- MSDH entered into preliminary agreements to purchase the F/V Starward and F/V Starlite.
- MSDH entered into a Memorandum of Understanding to begin developing a St. Paul-based crab venture with UniSea.
- CBSFA hired Jonathan L. Thorpe, CPA as Chief Financial Officer.
- CBSFA President and Chairman met with our Morgan Stanley portfolio manager in Anchorage in October 2003 to review CBSFA portfolio performance.
- CBSFA President Phillip Lestenkof, Chairman Myron Melovidov, Board Members Walter Shane, Robert Melovidov, Elary Gromoff and CBSFC President attended a meeting with DCED Commissioner Edgar Blatchford, CDQ Manager Greg Cashen and CDQ Oversight Team Member Mark Davis in December 2003.
- At the December NPFMC meeting, CBSFA submitted a proposal under the IFQ Program changes being analyzed by the council. CBSFA's proposal: Amend IFQ and CDQ halibut regulations to allow Area 4C fishermen to harvest Area 4C IFQ and CDQ in Area 4D. The council approved this proposal for analysis.
- In December 2003, the U.S. Department of State appointed Phillip Lestenkof as Alternate United States Commissioner to the International Pacific Halibut Commission.
- Retro payment from the CBSFA Halibut Cooperative to the local fishermen brought highest price ever paid out for CDQ Halibut in St. Paul.

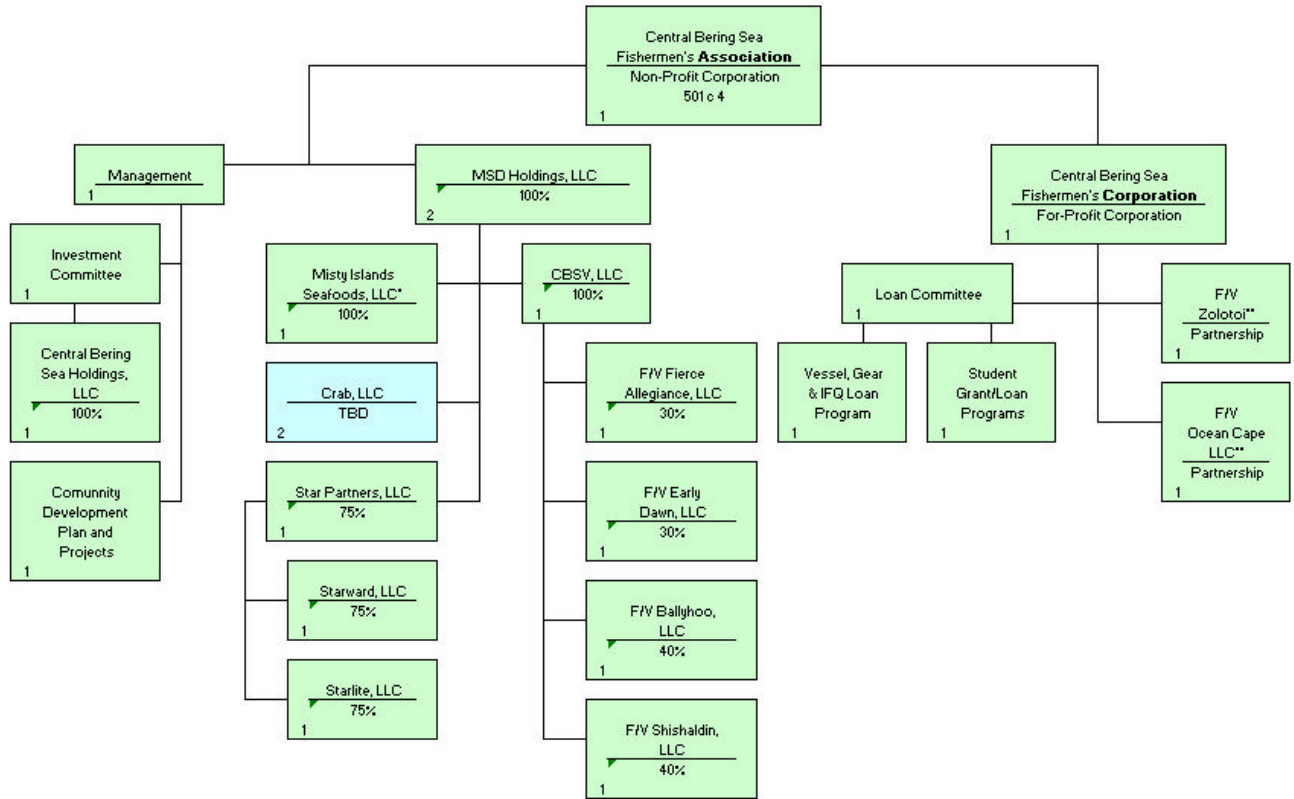
# Central Bering Sea Fishermen's Association

Organizational Chart  
as of December 31, 2003



# Central Bering Sea Fishermen's Association

Proposed Organizational Chart  
as of March 31, 2004\*\*\*



1

= Currently exist

2

= Pending future investments

\* Currently held by CBSFC

\*\* May be shifted to the MSD Holdings, LLC

\*\*\* Pending completion of Star Partners investment

## II. COMMUNITY DEVELOPMENT

### A. PROGRESS TOWARD MULTI-SPECIES GOALS, OBJECTIVES, PROJECTS, AND MILESTONES

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**Goal 1: Multi-Species Development Project**

**Objective:** Develop a multi-species seafood company and at the same time create a competitive business environment that will attract and hold additional MSD businesses.

*Milestone 1: Secure Options and Purchase Agreements*

**Status:** Negotiations held during 1<sup>st</sup> quarter.

During Q4 MSDH LLC, a wholly owned subsidiary of CBSFA, entered into a preliminary agreement to purchase equity stakes in the FV Starlite and FV Starward (pollock catcher vessels) to be included with the other four vessels in the MSD project fleet.

*Milestone 2: Secure final berth, management and marketing agreements*

**Status:** Lease payment for berth made in 1<sup>st</sup> quarter.

MSDH LLC entered into a Memorandum of Understanding to establish a St. Paul based seafood venture with UniSea.

*Milestone 3: Exercise Options and Agreements*

**Status:** In June 2003, CBSV LLC, a wholly owned subsidiary of CBSFA, purchased interest in four fishing vessels. CBSV LLC now owns 30% in each of the F/V Fierce Allegiance and F/V Early Dawn. CBSV LLC also owns 40% in each of the F/V Shishaldin and F/V Ballyhoo. These vessels have a diversified fishing history, which was one of the main reasons the CBSFA BOD and management approved investing in these vessels. In addition to having a good fishing history in opilio and Bristol Bay red king crab fisheries, the Early Dawn, Shishaldin and Ballyhoo also have fishing histories in the Aleutian Islands brown king crab fisheries. Besides having an excellent crab history, the Fierce Allegiance is also an American Fisheries Act (AFA) approved pollock catcher vessel with its own share of onshore pollock.

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**Goal 2: CDQ Halibut Fishery**

**Objective:** Continue to support and manage the growth of the Local Fleet through innovative CDQ halibut programs. *See also “C-IFQ Project” and “Local Fleet Support Program.”*

**Milestone 1:** *Continue CDQ Halibut RFP Process*

**Status:** The CDQ Halibut RFP applications were sent out on March 17, 2003 with a deadline of April 15, 2003. On May 2, 2003 the CBSFA Board reviewed RFP applications and approved a plan to form the CBSFA Halibut Cooperative to purchase and market halibut caught by the local fishermen with the goal to increase ex-vessel price.

**Milestone 2:** *Conduct CDQ Fishery Management Plan Meeting*

**Status:** A Fishermen’s Meeting was held on May 6, 2003 and the 2003 Halibut CDQ Fishery Management Plan was approved. A Fishermen’s Meeting was held on August 27, 2003 and the 2003 Halibut CDQ Fishery Management Plan was amended.

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**Goal 3: CBSFA Halibut Cooperative**

**Objective:** To raise the ex-vessel prices to the local fleet and reduce the costs associated with CBSFA’s Local Fleet Support Program, including the operations of the Small Boat Harbor.

**Milestone 1:** *Develop CBSFA Halibut Cooperative Business Plan*

**Status:** CBSFA approved the CBSFA Halibut Cooperative Business Plan in May 2003. CBSFA created the Halibut Cooperative with the goal of securing the best ex-vessel price possible by passing on the net profit from CDQ halibut sales to the local fishermen. CBSFA entered into a custom processing agreement with Trident Seafoods to process and market halibut that CBSFA purchased from the local fishermen. Completed.

**Milestone 2:** *Implement CBSFA Halibut Cooperative Plan*

**Status:** Implemented a base ex-vessel price to the local fishermen with retroactive price adjustment after halibut was marketed. Completed.

**Milestone 3:** *Profit Sharing Distribution to Members (if any)*

**Status:** In November 2003, CBSFA paid the local fishermen a retroactive readjustment of \$0.70/lb. It raised the overall ex-vessel price paid out to the fishermen to \$2.60/lb., the highest price ever paid out for CDQ Halibut in St. Paul. Completed.

Milestone 4: Annual Review and Report to Board and Members  
Status: At the November 29, 2003 CBSFA Board meeting, the President gave a report on the CBSFA Halibut Cooperative. At the CBSFA Annual Membership Meeting (November 30, 2003), a presentation was made to the members on the CBSFA Halibut Cooperative. Completed.

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**Goal 4: Local Fleet Support Program**

**Objective:** Develop and facilitate programs that support the growth of the Local Fleet and insure their ability to prosecute the local fisheries. *See also "Education and Training."*

Milestone 1: *Deploy and retrieve floating dock system*

Status: The floating docks were deployed in May 2003. The floating docks were retrieved in October 2003 by a local crew using the CBSFA crane. Completed.

Milestone 2: *Provide Vessel Launch and Retrieval services*

Status: A majority of the vessels were launched in June 2003 using the CBSFA crane and boat trailers. Launch and retrieval needs were accommodated throughout the entire fishing season. As of October 2003, all vessels have been retrieved. Completed.

Milestone 3: *Maintain Launch and Retrieval (crane and trailers) equipment*

Status: From March 13-15, 2003 an inspector from the American Bureau of Crane Inspection came to St. Paul Island and certified the Grove Crane RT760E. CBSFA purchased 2 types of wire (cable) and various parts for routine maintenance for its crane. Other maintenance items were purchased for the hydraulic trailers.

Milestone 4: *Provide general Fishermen's Training*

Status: Darren Folkers from the American Bureau of Crane Inspection held a mobile crane safety operation and operators training course from March 13-15, 2003. Completed.

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**Goal 5: Community IFQ Project**

**Objective:** Develop C-IFQ program to support the growth of the Local Fleet and the MSD Project.

Milestone 1: *Advocate for adoption of Pribilof Islands C-IFQ program*

Status: CBSFA submitted its C-IFQ proposal to the NPFMC in late 2002; At the Council's February 2003 meeting, under staff tasking, the Council decided not to take up new proposals at that time. In October 2003, the NPFMC IFQ Implementation Committee reviewed the CBSFA C-IFQ proposal and did not approve the proposal, to be analyzed by the NPFMC at this time.

At the December NPFMC meeting, CBSFA submitted a proposal under the IFQ Program changes being analyzed by the council. CBSFA's proposal: Amend IFQ and CDQ halibut regulations to allow Area 4C fishermen to harvest Area 4C IFQ and CDQ in Area 4D. The council approved this proposal for analysis.

Milestone 2: *Establish fund for C-IFQ purchases*

Status: Q3 2003. Pending NPFMC action. (See Milestone 1)

Milestone 3: *Upon adoption, establish C-IFQ program guidelines*

Status: Projected Q1 2004, contingent on appropriate NPFMC action. (See Milestone 1)

Milestone 4: *Implement C-IFQ program*

Status: Projected Q2 2004, contingent on appropriate NPFMC action. (See Milestone 1)

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**Goal 6: Vessel Repair and Maintenance Program**

**Objective:** Facilitate repair programs to insure the efficient and safest possible operation of the Local Fleet.

Milestone 1: *Assess Local Fleet Repair Needs*

Status: The local fishermen were surveyed about services they wanted CBSFA to provide on March 21, 2003. Completed for 2003.

Milestone 2: *Facilitate a repair and maintenance program based on the assessment*

Status: CBSFA is working with an outboard technician and an inboard technician to do repairs and maintenance before the fishing season. In 2<sup>nd</sup> quarter, CBSFA brought an outboard technician to St. Paul Island for maintenance and repairs to fishing vessels. A total of 6 vessels had work completed on them. Completed for 2003.

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**Goal 7: Vessel, Gear and IFQ Loans**

**Objective:** Continue existing loan programs, and expand it to include C-IFQ program when adopted.

Milestone 1: *Annually review loan performance, program goals and budgets*

Status: The CBSFC Loan Committee met on January 11, 2003 and reviewed a budget for Vessel, Gear and IFQ loans. On February 7, 2003 a notice was posted to the Local Fishermen on submitting applications for Vessel, Gear and IFQ loans. The CBSFC Loan Committee met on May 1, 2003 to review Vessel, Gear and IFQ loan applications. Despite slow fishing, loan payments were acceptable.

Milestone 2: *Review IFQ Loan program if C-IFQ initiative succeeds*

Status: Pending NPFMC action.

Milestone 3: *Implement Board-approved IFQ program changes if needed*

Status: Ongoing. Due to slow fishing, no interest in buying IFQs.

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**Goal 8: Construct Vessel Repair, Maintenance and Storage Facility**

**Objective:** To construct a multiple-use facility that can be utilized for Local Fleet repair work, vessel and crane storage, and other dry storage needs.

Milestone 1: *Finalize building plan including construction finance, land acquisition and operation*

Status: CBSFA will be amending this milestone to have more time to finalize land acquisition, financing and construction issues.

Milestone 2: *Contingent upon securing land, permits and financing, begin construction of facility*

Status: See Milestone 1.

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**Goal 9: American Seafood Investment**

**Objective:** To continue to participate in this strategic investment, and utilize American Seafoods expertise when appropriate.

Milestone 1: *Monitor and participate in ASC Board activities*

Status: President Phillip Lestenkof and Chairman Myron Melovidov traveled to New York for ASC Board meeting in October 2003. President Lestenkof also attended an ASC Board meeting in December 2003, via teleconference.

Milestone 2: *Strengthen relationship to access seafood industry expertise*

Status: CBSFA has a good working relationship with ASC.

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**Goal 10: F/V Ocean Cape and F/V Zolotoi**

**Objective:** To gain better management/control or exit these vessel partnerships.

Milestone 1: *Implement Exit or Take-over strategies*

Status: A meeting between CBSFC management and vessel partners was held in January 2003 regarding this milestone. CBSFC President and board members met with vessel partners to discuss the Ocean Cape and Zolotoi in the 4<sup>th</sup> quarter. The partnership agreed that it was in the best interest of all involved to pursue a sale of the F/V Ocean Cape for the highest price possible. Currently negotiating with Keybank and other partners for the best exit option.

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**Goal 11: Small Boat Harbor Project**

**Objective:** To actively represent the Local Fleet's interest in this project.

Milestone 1: *Continue Local share set-aside program*

Status: CBSFA deposited its remaining 2002 SBH set-aside funds on March 6, 2003. On March 13, 2003, CBSFA deposited 40% of its 2003 set-aside funds. CBSFA funds the set-aside from Pollock royalties. In November 2003, CBSFA's Pollock harvesting partner requested paying the Pollock B season royalty in January 2004 instead of the agreed upon date of November 2003. CBSFA agreed and therefore postponed funding the remaining 2003 set-aside balance until January 2004. To date, CBSFA has set-aside approximately 3 million dollars towards the construction of the Small Boat Harbor.

Milestone 2: *Develop SBH Business Plan that includes long-term O&M funding options*

Status: Ongoing. Project review with City and Army Corps of Engineers began December 2003.

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**Goal 12: Essential Fish Habitat Advocacy & Research Project(s)**

**Objective:** To advocate for Pribilof Islands harvesting and processing interests within the EFH process and to attract research projects to the Pribilof Islands.

Milestone 1: *Secure position in the EFH process, develop EFH strategy*

Status: CBSFA now has a seat on the EFH Committee and the Pribilof Stakeholders organizing committee.

Milestone 2: *Develop EFH Research project(s), secure co-funding*

Status: CBSFA successfully secured funding from the North Pacific Research Board (NPRB) for two research projects: Area 4C halibut and Pribilof Blue King Crab. CBSFA and the State of Alaska began developing a crab enhancement research project in Q2 2003. St. Paul fishermen deployed water data recorders in 2002 and 2003 in collaboration with IPHC.

Milestone 3: *Continue advocacy and research projects*

Status: CBSFA is participating in EFH committee, Fur Seal EIS committee, Pribilof Collaborative meetings and proposed PNCIAC research committee meetings.

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**Goal 13: Education and Training Programs**

**Objective:** Provide education and training opportunities to members of the community, and to encourage our youth to return to the island with their new skills.

Milestone 1: *CBSFA will fund a scholarship, student loan and training program*

Status: The Loan Committee met on January 11, 2003 to review current loan applications and scholarship applications. A total of 9 scholarships, 1 loan, and 1 training grant were approved. Fall Semester applications for student scholarships, student loans, training grants deadline to apply was June 30, 2003. The CBSFC Loan Committee met on August 6, 2003. 11 students received scholarships, 1 student received a student loan, and 1 student received a training grant. The CBSFC Loan Committee met December 22, 2003 to review applications and award scholarships, student loans, and training grants. 14 scholarships and 2 student loans were approved; they will be distributed in Q1 2004.

Milestone 2: *Review loan performance*

Status: The CBSFC Loan Committee met on January 11, 2003 and reviewed all loans and budgets. The CBSFC Loan Committee met on May 1, 2003 and reviewed all loans and budgets.

Milestone 3: *Review loan and scholarship policies and budgets*

Status: The CBSFC Loan Committee met on August 6, 2003 and reviewed policies and budgets.

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**Goal 14: Community Outreach**

**Objective:** Continue a two-way dialogue with the community through a combination of surveys and newsletters.

Milestone 1: *Continue quarterly newsletter*

Status: Distributed 2002 Annual Report booklet to members, November 2003.

Milestone 2: *Continue Member Survey*

Status: The local fishermen were surveyed on March 21, 2003. Ongoing.

Milestone 3: *Continue Board Survey*

Status: Ongoing.

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**Goal 15: General Management**

**Objective:** Continue to provide effective and efficient management as CBSFA grows and diversifies its business interests.

Milestone 1: *Secure independent financial and performance audits*

Status: An engagement agreement for audit of the year 2002 was signed on September 26, 2002. An audit by KPMG was scheduled for the week of April 7, 2003. CBSFA 2002 Audit was completed May 2003. KPMG is engaged to perform the 2003 audit of CBSFA, to begin in April 2004.

Milestone 2: *Provide updated Board training and education*

Status: Mike Jansen, KPMG, was scheduled to come to St. Paul Island for board training in December 2003 but due to unforeseen circumstances he was not able to make the trip. The training was for reading and understanding financial statements, budgets and documents.

Milestone 3: *Review Management performance, organization and projects*

Status: During Q4 2003 the CBSFA Board adopted a plan to restructure CBSFA, and to create two new subsidiaries: Central Bering Sea Holdings, LLC and Multi-Species Development Holdings, LLC. CBSH, LLC was specifically established to manage CBSFA's American Seafoods investment and MSDH, LLC was specifically established to manage CBSFA's MSD assets and project.

Milestone 4: *Review Partner(s) performance*

Status: Received K-1 forms from partners.

Milestone 5: *Provide Staff Training*

Status: Rena Kudrin worked with Jonathan Thorpe of Altman Rogers & Co. in Anchorage on all quarterly financial reports receiving on the job training.

Milestone 6: *Periodically review Strategic Plan and Five-year Forecast*  
Status: Being revised as part of Substantial Amendment 04-01 CB.

Milestone 7: *Participate in NPFMC, IPHC and other appropriate policy forums*  
Status: CBSFA President Phillip Lestenkof and Board Members Jeffery Kauffman, Walter Shane and Robert Melovidov traveled to Victoria, B.C. to attend the IPHC Annual Meeting, January 18-24, 2003.  
CBSFA Board Member Robert Melovidov, President Phillip Lestenkof and Quota Manager Patience Mercurief attended NPFMC meetings in Seattle, January 24-February 2, 2003.  
President Phillip Lestenkof attended the Marine Conservation Alliance Retreat in Victoria, B.C., March 7-8, 2003.  
President Phillip Lestenkof attended NPFMC meetings October 5-12, 2003.  
CBSFA President and Chairman attended the NPFMC meeting in December 2003. At the December NPFMC meeting, CBSFA submitted a proposal under the IFQ Program changes being analyzed by the council. CBSFA's proposal: Amend IFQ and CDQ halibut regulations to allow Area 4C fishermen to harvest Area 4C IFQ and CDQ in Area 4D. The council approved this proposal for analysis.  
In December 2003, the U.S. Department of State appointed Phillip Lestenkof as Alternate United States Commissioner to the International Pacific Halibut Commission.

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**Goal 16: Investment Fund Policies and Procedures**

**Objective:** Maintain a conservative stance and sufficient liquidity to implement MSD and C-IFQ programs

Milestone 1: Develop Cash Flow model  
Status: Ongoing.

Milestone 2: Maintain sufficient liquidity to meet investment strategy  
Status: In 1<sup>st</sup> quarter CBSFA implemented a funds portfolio allocation at Morgan Stanley, which included liquidity to meet investment needs.

Milestone 3: Monitor portfolio performance and adjust as necessary  
Status: In 1<sup>st</sup> quarter, CBSFA management and Morgan Stanley drafted "The Investment Policy Statement of Goals and Objectives of CBSFA" to manage CBSFA's investments. The Investment Committee met April 2003 and approved the investment policies and agreed to meet every quarter. The Investment Committee met July 14, 2003 and reviewed investment performance. CBSFA President and Chairman met with our Morgan Stanley portfolio manager in Anchorage in October 2003 to review CBSFA portfolio performance.

## **B. OUTREACH**

The CBSFA 2002 Annual Report booklet was distributed to the members in November 2003.

Throughout 2003, CBSFA donated numerous cases of opilio crab to school students to raise funds (through raffles) for various activities and also to the community for potlucks and gatherings.

## C. EMPLOYMENT

### 1. CBSFA 2003 4th Quarter Employment Data Form

	4th Quarter		Year-to-Date		Year-to Date
	Postion/People	Wages	Postion/People	Wages	People
Management/Administrative	6	61,966.32	6	205,792.43	6
CDQ Pollock Related					
A/B Season	None		None		
C/D Season	None		None		
Other Fishing	1	Unknown	4	Unknown	4
CDQ Halibut Fisheries	105	294,980.22	105	1,073,842.47	105
Other Employment	11	8,487.50	11	8,487.50	11
Internships	0		0		0
Total	123	365734.04	126	1,288,122.40	126

### 2. Summary

**Management/Administrative:** Four local CBSFA members are employed at the St. Paul Island Office. Positions consist of President, Quota Manager, Office Manager, Office Asst. and Admin. Assistant. The Quota Manager position has been temporarily moved to Anchorage. CBSFA hired Jonathan Thorpe, CPA as the Chief Financial Officer.

**CDQ Pollock Related (A/B Season):** No Activity.

**Other fishing:** The CDQ and IFQ halibut fishery in Area 4C has experienced a significant decline in CPUE in 2002 and again in 2003. This has resulted in the fishermen not being able to fully harvest the Area 4C CDQ allocations and IFQ pounds in 2002 and 2003. This has raised serious concerns among the Area 4C CDQ and IFQ fishermen about the near and long term future of this fishery. In the 4th quarter the CBSFA Halibut Cooperative paid out a retroactive readjustment to the local fishermen.

2 persons crewed during the Opilio CDQ fishery and 1 person in the Bristol Bay King CDQ fishery. 1 person worked on the F/V North Cape during the Cod season.

**Other employment:** Other employment included the security for the vessels moored at the floating docks, a crane operator and a local crew for retrieval of the vessels and floating docks.

**Internships:** None



## D. Training

### 1. CBSFA 2003 4th Quarter Training Data Form

	4 <sup>th</sup> Quarter		Year-to-Date	
	People	Expenditure	People	Expenditure
<b>Scholarships</b>				
Postsecondary	0	0	21	49,200.00
Vocational	0	0		
<b>Voch-tech Classes</b>				
Basic	0	0	2	5,500.00
Advanced	0	0		
<b>Other Training</b>				
Fisheries related	0	0		
Student Loans	0	0	1	8,500.00
CDQ Staff/Board	0	0		
Other	0	0		
<b>Other Expenditures</b>				
To Educational Institutes	0	0		
Educational Endowment Funds				
Other	0	0		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>63,200.00</b>

### 2. Summary

**Scholarships:** The deadline for the 2004 Spring Semester is December 15, 2003. The CBSFC Loan Committee met December 22, 2003 to review applications and award scholarships, student loans, and training grants. 14 scholarships and 2 student loans were approved; they will be distributed in Q1 2004.

**Vocational/Technical Grants:** Deadline was December 15, 2003.

**Other Training:** No training grants were awarded in 4<sup>th</sup> quarter.

**Student Loans:** One student received a student loan for the 2003 Fall Semester. Two students have been approved for student loans for the 2004 Spring Semester.

**Other Expenditures:** None

### **III. ADMINISTRATION**

#### **A. Board Activities:** None.

#### **B. State of Alaska Reporting Compliance**

CBSFA is in compliance with the State of Alaska reporting regulations.

#### **C. Amendment Status**

Quarter 1: SA 03-01: Transfer Flatfish to BBEDC  
SA 03-02: Transfer Pollock to CVRF

Quarter 2: SA 03-03: CDQ Halibut Cooperative  
SA 03-04: Transfer Sablefish to YDFDA.

Quarter 3: SA 03-05: Multi-Species Development Project

Quarter 4: TA 03-06: Transfer Non-Specific Reserve to Other Species  
TA 03-07: Transfer AI Northern to BBEDC, support Mackerel fishery  
TA 03-08: Transfer BSAI Arrowtooth to CBSFA from BBEDC  
TA03-09: Transfer Pollock to CBSFA from CVRF  
TA03-10: Transfer Pollock to CBSFA from BBEDC  
TA03-11: Transfer Pollock to CBSFA from CVRF  
TA03-12: Transfer Pollock/Arrowtooth to NSEDC  
TA03-13: Not Approved, Transfer Halibut to YDFDA for harvest  
TA03-14: Transfer EAI Atka Mackerel to YFDFA, support Mackerel  
TA03-15: Transfer P. Cod and bycatch to CBSFA from CVRF  
TA03-16: Transfer P. Cod and bycatch to CBSFA from BBEDC

#### **D. Other Issues**

IV. HARVESTING REPORT for Quarter 4 Year 2003

A. Pollock and Multi-species CDQ Harvest by Quarter and Year to Date

**1. Consolidated Summary of CDQ Harvesting Activities**

MS CDQ/PSQ Account Status Report 2003, End of Year													
CDQ Group: CBSFA	Units	Initial Allocation	Transferred	Transferred	Allocation	CDQ / PSQ Catch Reported				YTD	Percent	CDQ / PSQ	Percent
CDQ Reserve Category		Amount	In	Out	after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Harvest	Harvested	Remaining	Remaining
BS Pollock	mt	7,458.800	1,328.000	7467.800	1,319.000				1,318.133	1,318.133	99.9%	0.867	0.1%
Pacific Cod	mt	1,400.670	347.500	62.000	1,686.170	43.067	734.910	286.067	599.311	1,663.355	98.6%	22.815	1.4%
BS FG Sablefish	mt	46.400	2.000	40.000	8.400					0.000	0.0%	8.400	100.0%
AI FG Sablefish	mt	13.950		0.000	13.950					0.000	0.0%	13.950	100.0%
BS Sablefish	mt	9.810		3.924	5.886				0.269	0.269	4.6%	5.617	95.4%
AI Sablefish	mt	4.640		4.320	0.320					0.000	0.0%	0.320	100.0%
WAI Atka Mackerel 543	mt	119.920		110.326	9.594					0.000	0.0%	9.594	100.0%
CAI Atka Mackerel 542	mt	176.160		162.067	14.093					0.000	0.0%	14.093	100.0%
EAI/BS Atka Mackerel 541	mt	63.920	0.480	63.167	1.233				0.128	0.128	10.4%	1.105	89.6%
Yellowfin Sole	mt	502.480	2.950	417.025	88.405		1.627	13.280	0.328	15.235	17.2%	73.170	82.8%
Rock Sole	mt	264.000	6.400	229.200	41.200	0.065	0.432	2.345	0.716	3.558	8.6%	37.642	91.4%
BS Greenland Turbot	mt	16.080	2.350	6.432	11.998		0.109	0.703	0.279	1.091	9.1%	10.907	90.9%
AI Greenland Turbot	mt	6.930		6.465	0.465					0.000	0.0%	0.465	100.0%
Arrowtooth Flounder	mt	68.850	12.000	36.540	44.310	0.327	1.329	0.814	14.780	17.250	38.9%	27.060	61.1%
Flathead Sole	mt	135.000	10.250	121.500	23.750	0.185	2.388	0.829	10.392	13.794	58.1%	9.956	41.9%
Other Flatfish	mt	18.000	2.590	13.600	6.990	0.012	0.052	1.580	2.713	4.357	62.3%	2.633	37.7%
Alaska Plaice	mt	37.500	3.000	28.125	12.375			0.004	0.005	0.009	0.1%	12.366	99.9%
BS Pacific Ocean Perch	mt	6.360	0.500	4.943	1.917				0.159	0.159	8.3%	1.758	91.7%
WAI Pacific Ocean Perch 543	mt	35.120		32.310	2.810					0.000	0.0%	2.810	100.0%
CAI Pacific Ocean Perch 542	mt	20.080		18.474	1.606					0.000	0.0%	1.606	100.0%
EAI Pacific Ocean Perch 541	mt	21.040		20.357	0.683					0.000	0.0%	0.683	100.0%
BS Northern Rockfish	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
AI Northern Rockfish	mt	35.280		34.000	1.280					0.000	0.0%	1.280	100.0%
BS Shortraker/Rougheye Rockfish	mt	0.000		N/A	N/A					N/A	N/A	N/A	N/A
AI Shortraker/Rougheye Rockfish	mt	4.960	1.000	4.000	1.960					0.000	0.0%	1.960	100.0%
BS Other Rockfish	mt	5.040	2.000	0.480	6.560		0.033		0.190	0.223	3.4%	6.337	96.6%
AI Other Rockfish	mt	3.840		0.000	3.840					0.000	0.0%	3.840	100.0%
Other Species	mt	185.359	106.611	22.266	269.704	5.199	150.517	39.455	90.135	285.306	105.8%	-15.602	-5.8%
<b>PSQ Reserve Category</b>					0.000								
Zone 1 Red King Crab	ea	582.000		291.000	291.000		107.154	156.760		263.914	90.69%	27.086	9.3%
Zone 1 Bairdi Tanner Crab	ea	5,880.000		2,948.000	2,932.000					0.000	0.00%	2,932.000	100.0%
Zone 2 Bairdi Tanner Crab	ea	17,820.000		8,912.000	8,908.000			5.317	182.001	187.318	2.10%	8,720.682	97.9%
Opilio Tanner Crab	ea	26,100.000		13,102.000	12,998.000	66.255	506.016	217.376	794.930	1,584.577	12.19%	11,413.423	87.8%
Pacific Halibut (mortality)	mt	30.870		14.300	16.570	0.074	0.777	2.211	5.380	8.442	50.95%	8.128	49.1%
Chinook Salmon	ea	124.000		124.000	0.000					-	-	-	-
Non-Chinook Salmon	ea	158.000		139.000	19.000					0.000	0.00%	19.000	100.0%
<b>Non-Specific Reserve</b>	<b>mt</b>	44.861			44.861								

## 2. Pollock Harvesting Activities for 2003 Quarter 4

CBSFA Pollock Target Fishery Harvest Activity								
Fourth Quarter as of December 31, 2003								
CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
A Season (40%)	mt	0.000					0.000	
B Season (60%)	mt	0.000				1,318.133	1,318.133	99.9%
BS Pollock Total	mt	0.000	0.000	0.000	0.000	1,318.133	1,318.133	99.9%
<b>Bycatch</b>								
Pacific Cod	mt	1,338.670				3.203	3.203	0.2%
BS FG Sablefish	mt	6.400						0.0%
AI FG Sablefish	mt	13.950						0.0%
BS Sablefish	mt	5.886				0.269	0.269	0.0%
AI Sablefish	mt	2.320						0.0%
WAI Atka Mackerel 543	mt	9.594						0.0%
CAI Atka Mackerel 542	mt	14.093						0.0%
EAI/BS Atka Mackerel 541	mt	1.233				0.038	0.038	0.0%
Yellowfin Sole	mt	85.455						0.0%
Rock Sole	mt	34.800				0.711	0.711	0.6%
BS Greenland Turbot	mt	9.648				0.279	0.279	0.0%
AI Greenland Turbot	mt	3.465						0.0%
Arrowtooth Flounder	mt	33.310				7.714	7.714	0.6%
Flathead Sole	mt	13.500				7.745	7.745	0.6%
Other Flatfish	mt	5.400				2.585	2.585	0.2%
Alaska Plaice	mt	9.375						0.0%
BS Pacific Ocean Perch	mt	1.417				0.159	0.159	0.0%
WAI Pacific Ocean Perch 543	mt	2.810						0.0%
CAI Pacific Ocean Perch 542	mt	1.606						0.0%
EAI Pacific Ocean Perch 541	mt	1.683						0.0%
BS Northern Rockfish	mt	0.000						0.0%
AI Northern Rockfish	mt	35.280						0.0%
BS Shortraker/Rougheye Rockfish	mt	0.000						0.0%
AI Shortraker/Rougheye Rockfish	mt	4.960						0.0%
BS Other Rockfish	mt	4.640				0.045	0.045	0.0%
AI Other Rockfish	mt	3.840						0.0%
Other Species	mt	163.093				3.781	3.781	0.3%
Total	mt						1,344.662	
<b>PSQ Reserve Category</b>								
Zone 1 Red King Crab	ea	291.000						
Zone 1 Bairdi Tanner Crab	ea	2,932.000						
Zone 2 Bairdi Tanner Crab	ea	8,908.000						
Opilio Tanner Crab	ea	12,998.000						
Pacific Halibut (mortality)	mt	16.570				0.589	0.589	
Chinook Salmon	ea	0.000						
Non-Chinook Salmon	ea	19.000						

### a. Summary of harvesting activities by target fishery (Pollock)

ASC continues to be CBSFA harvesting partner. For efficiency reasons CBSFA transferred its Pollock and associated by-catch to CVRF for American Seafoods to harvest. Please see CVRF documents for catch rates. CVRF had a bycatch overage which resulted in Pollock being transferred to CBSFA for the completion of the fishery.

- b. **Summary of by-catch in Pollock fishery**  
Bycatch rates for Quarter 4 are shown above.

### 3. Pacific Cod Harvesting Activities for 2003 Quarter 4

CBSFA Pacific Cod Target Fishery Harvest Activity Fourth Quarter as of December 31, 2003								
CDQ Reserve Category	Units	Alloc. after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
A Season (60%)	mt	778.420	43.067	734.910			777.977	99.9%
B Season (40%)	mt	905.268			286.067	596.108	882.175	97.4%
Pacific Cod Total	mt	1,683.688	43.067	734.910	286.067	596.108	1,660.152	98.6%
<b>Bycatch</b>								
Non Quota Pollock	mt	N/A	2.019	69.555	31.785	28.120	131.479	7.9%
BS FG Sablefish	mt	8.400						0.0%
AI FG Sablefish	mt	13.950						0.0%
BS Sablefish	mt	5.886						0.0%
AI Sablefish	mt	0.320						0.0%
WAI Atka Mackerel 543	mt	9.594						0.0%
CAI Atka Mackerel 542	mt	14.093						0.0%
EAI/BS Atka Mackerel 541	mt	1.233				0.090	0.090	0.0%
Yellowfin Sole	mt	88.405		1.627	13.280	0.328	15.235	0.9%
Rock Sole	mt	41.200	0.065	0.432	2.345	0.005	2.847	0.2%
BS Greenland Turbot	mt	11.998		0.109	0.703		0.812	0.0%
AI Greenland Turbot	mt	0.465						0.0%
Arrowtooth Flounder	mt	44.310	0.327	1.329	0.814	7.066	9.536	0.6%
Flathead Sole	mt	23.750	0.185	2.388	0.829	2.647	6.049	0.4%
Other Flatfish	mt	6.990	0.012	0.052	1.580	0.128	1.772	0.1%
Alaska Plaice	mt	12.375			0.004	0.005	0.009	0.0%
BS Pacific Ocean Perch	mt	1.917						0.0%
WAI Pacific Ocean Perch 543	mt	2.810						0.0%
CAI Pacific Ocean Perch 542	mt	1.606						0.0%
EAI Pacific Ocean Perch 541	mt	0.683						0.0%
BS Northern Rockfish	mt	0.000						0.0%
AI Northern Rockfish	mt	1.280						0.0%
BS Shortraker/Rougheye Rockfish	mt	0.000						0.0%
AI Shortraker/Rougheye Rockfish	mt	1.960						0.0%
BS Other Rockfish	mt	6.560		0.033		0.145	0.178	0.0%
AI Other Rockfish	mt	3.840						0.0%
Other Species	mt	269.704	5.199	150.517	39.451	86.354	281.521	17.0%
Total	mt	0.000					2,109.680	N/A
<b>PSQ Reserve Category</b>								
Zone 1 Red King Crab	ea	291.000		107.154	156.760		263.914	
Zone 1 Bairdi Tanner Crab	ea	2,932.000						
Zone 2 Bairdi Tanner Crab	ea	8,908.000			5.317	182.011	187.328	
Opilio Tanner Crab	ea	12,998.000	66.255	506.016	217.376	794.930	1584.577	
Pacific Halibut (mortality)	mt	16.570	0.074	0.777	2.211	4.791	7.853	
Chinook Salmon	ea	0.000						
Non-Chinook Salmon	ea	19.000						

- a. **Summary of harvesting activities by target fishery (Pacific Cod)**  
During the 4<sup>th</sup> quarter CVRF and BBEDC transferred P. Cod and associated bycatch to CBSFA to be harvested by Pacific Longline Association in addition to CBSFA quota.

**b. Summary of by-catch in Pacific Cod fishery**

The NMFS management of 'Other Species' changed during the 4<sup>th</sup> Quarter, resulting in sector level management.

**4. Sablefish (Black Cod) Harvesting Activities for 2003 Quarter 4**

Sablefish Target Fishery Harvest Activity Fourth Quarter as of December 31, 2003								
CDQ Reserve Category	Units	Allocation after transfers	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	% of Target Harvest
BS FG Sablefish	mt	6.400					0.000	-
AI FG Sablefish	mt	13.950					0.000	-
<b>Bycatch</b>								
Non Pollock Quota	mt						0.000	-
Pacific Cod	mt						0.000	-
BS Sablefish	mt						0.000	-
AI Sablefish	mt						0.000	-
WAI Atka Mackerel 543	mt						0.000	-
CAI Atka Mackerel 542	mt						0.000	-
EAI/BS Atka Mackerel 541	mt						0.000	-
Rock Sole	mt						0.000	-
BS Greenland Turbot	mt						0.000	-
AI Greenland Turbot	mt						0.000	-
Arrowtooth Flounder	mt						0.000	-
Flathead Sole	mt						0.000	-
Other Flatfish	mt						0.000	-
Alaska Plaice	mt						0.000	-
BS Pacific Ocean Perch	mt						0.000	-
WAI Pacific Ocean Perch 543	mt						0.000	-
CAI Pacific Ocean Perch 542	mt						0.000	-
EAI Pacific Ocean Perch 541	mt						0.000	-
BS Northern Rockfish	mt						0.000	-
AI Northern Rockfish	mt						0.000	-
BS Shortraker/Rougheye Rockfish	mt						0.000	-
AI Shortraker/Rougheye Rockfish	mt						0.000	-
BS Other Rockfish	mt						0.000	-
AI Other Rockfish	mt						0.000	-
Other Species	mt						0.000	-
Total	mt						0.000	-
<b>PSQ Reserve Category</b>								
Zone 1 Red King Crab	ea						0	
Zone 1 Bairdi Tanner Crab	ea						0	
Zone 2 Bairdi Tanner Crab	ea						0	
Opilio Tanner Crab	ea						0	
Pacific Halibut (mortality)	mt						0	
Chinook Salmon	ea						0	
Non-Chinook Salmon	ea						0	

**a. Summary of harvesting activities by target fishery (sablefish)**

For efficiency reasons CBSFA transferred sablefish to YDFDA, F/V Lisa Marie for harvest.

**b. Summary of by-catch in the Halibut fishery**

See YDFDA, F/V Lisa Marie.

## 5. Atka Mackerel / Flatfish Harvesting Activities for 2003 Quarter 4

- a. Summary of harvesting activities by target fishery (Atka Mackerel & Flatfish)**  
To minimize bycatch, provide for increased utilization of the fishery resource CBSFA, BBEDC, YDFDA, and CVRF combined their Atka, Mackerel and Flatfish quotas for harvest by one fishing partner, US Seafoods. During the year 2003 the fishery was prosecuted under BBEDC, please see their quarterly report for a summary of harvesting activities.
- b. Summary of by-catch in Atka Mackerel & Flatfish**  
Please refer to BBEDC quarterly report.

### Crab Harvest Activity, 2003 Quarter 4

Crab Harvest Activity Fourth Quarter as of December 31, 2003									
CDQ Reserve Category	Units	Annual Allocation	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
Bering Sea <i>C. Opilio</i> (snow) Tanner crab	lbs	424,127	423,524				423,524	99.9%	603
Bering Sea <i>C. Bairdi</i> Tanner crab	lbs	None					0.000		
Bristol Bay Red King crab	lbs	116,704				117,555	117,555	100.7%	-851
Norton Sound Red King crab	lbs	None					0.000		
Pribilof Red & Blue King crab	lbs	None					0.000		
St Matthew Blue King crab	lbs	None					0.000		

- a. Summary of harvesting activities by target fishery (C. Opilio)**  
In 2003 CBSFA's *C. Opilio* (Snow Crab) harvesting partner, the F/V Ramblin' Rose, harvested 99.9% of CBSFA's allocation. In 2003 CBSFA's Bristol Bay Red King Crab harvesting partners, the F/V Ballyhoo and the F/V Fierce Allegiance harvested 100.7% of CBSFA's allocation. All action will be taken to prevent any overages in the future by harvesting vessels and their management.



## 6. Halibut Harvesting Activities for 2003 Quarter 4

Halibut Harvest Activity									
Fourth Quarter as of December 31, 2003									
CDQ Reserve Category	Units	Annual Allocation	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Harvest	Percent Harvested	Remaining Allocation
4B Halibut	lbs	0						-	-
4C Halibut	lbs	862,750	0	141,632	279,990		420,622	48.8%	442,128
4D Halibut	lbs	0						-	-
4E Halibut	lbs	0						-	-

**a. Summary of harvesting activities by target fishery (Halibut)**

Harvesting activities begin for CBSFA in June 2003. The 2003 CBSFA Area 4C CDQ harvest consisted of 48.8% of the allocation. Summer 2003 was a challenging one for all vessels fishing for halibut in Area 4C. Although the halibut were not present at past levels the ex-vessel price paid to the CDQ fishermen by CBSFA's Halibut Cooperative surpassed prices offered to CDQ fishermen in past years.

**b. Summary of by-catch in the Halibut fishery**

No by-catch to report, all vessels are below 60 feet.

## **C. Compliance / Enforcement Issues**

- No Pollock or Other Groundfish violations occurred in 2003.

## **E. D. Other Fishing Issues/Activities**

### Pollock

American Seafoods Company (ASC) continues to be CBSFA's harvesting partner. To increase efficiency, minimize bycatch, and provide for increased utilization, CBSFA, CVRF, and BBEDC combined Pollock quotas to be harvested by ASC. During the year 2003, the fishery was harvested under CVRF. In another fishery, CVRF had a bycatch overage which resulted in Pollock being transferred to CBSFA for the completion of the Pollock fishery.

### Pacific Cod

During the 4<sup>th</sup> quarter, in order to increase their harvest rates, CVRF and BBEDC transferred Pacific Cod and associated bycatch to CBSFA to be harvested by Pacific Longline Company, in addition to CBSFA's quota, under CBSFA.

### Crab CDQ fishing

In 2003, CBSFA's *C. Opilio* (Snow Crab) harvesting partner, the F/V Ramblin' Rose, harvested 99.9% of CBSFA's allocation. In 2003, CBSFA's Bristol Bay Red King Crab harvesting partners, the F/V Ballyhoo and the F/V Fierce Allegiance harvested 100.7% of CBSFA's allocation. All action will be taken to prevent any overages in the future by harvesting vessels and their management.

### Multi-species groundfish fishing

To minimize bycatch and provide for increased utilization of the fishery resource, CBSFA, BBEDC, YDFDA, and CVRF combined their Atka Mackerel and Flatfish quotas for harvest by one fishing partner. During the year 2003, the fishery was prosecuted under BBEDC, please see their quarterly report for a summary of harvesting activities.

### Halibut CDQ Fishing

Harvesting activities begin for CBSFA in June 2003. The 2003 CBSFA Area 4C CDQ harvest consisted of 48.8% of the allocation. Summer 2003 was a challenging one for all vessels fishing for halibut in Area 4C. Although the halibut were not present at past levels the ex-vessel price paid to the CDQ fishermen by CBSFA's Halibut Cooperative surpassed prices offered to CDQ fishermen in past years.

**V. CONFIDENTIAL ISSUES**

**A. Financial Statements**

**B. Tax Issues**

Corporate Restructuring.

**C. Imminent Major Investments**

F/V Starlite & F/V Starward.

**D. Other**

**1. Board Minutes**

The minutes for the following board meetings are attached:

- CBSFA Regular BOD Meeting, November 29, 2003
- CBSFA 12<sup>th</sup> Annual Membership Meeting, November 30, 2003.
- CBSFA Annual BOD Meeting, December 1, 2003.
- CBSFA Regular BOD Meeting, December 19, 2003.
- CBSFA Regular BOD Meeting, December 22, 2003.